identitii

Identitii Limited
ABN : 83 603 107 044
ASX : ID8

FY20
Annual Report

Contents

About Identitii

Identitii is helping reduce regulatory risk, without replacing legacy technology.

A letter from our Chairman

Dear shareholders and friends,

I am pleased to provide Identitii's FY20 Annual Report. Overall, Identitii had a successful year, hitting a number of key milestones as we work to become a self-sustaining, global business.

A strategy for the future

Identitii is progressing well towards key strategic goals, which are driven by the needs of our customers. Not only are we responding to structural changes in the global financial ecosystem, but to trends that impact our customers businesses. These include increasing regulatory obligations, acceleration of digital transformation and changing customer expectations.

The Company is also well placed to survive the COVID-19 crisis and to help regulated entities continue to meet customer needs, while lowering the cost of business and maintaining regulatory compliance while they recover.

Drivers for change

A single theme unites the regulatory initiatives driving change for our customers. The need for more information. Today, different data formats and the use of multiple systems make it hard to know you have complete and accurate information to report.

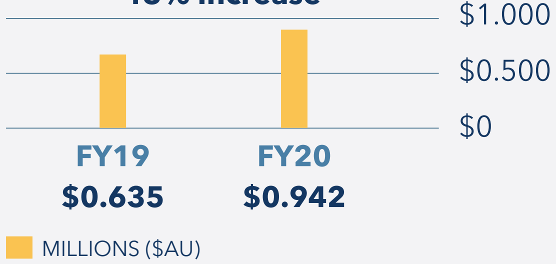
The onus is on our customers to better identify, manage and securely share this information. Or risk increasing financial crime, fines for non-compliance or even jail time for executives.

FY20 Highlights:

- Customer revenue increased 48% year on year
- Quarterly operating cash flows reduced 45% between Q1 and Q4
- Second licence customer, HSBC Australia
- Raised $1.9million, with an additional $1.9million raised after year end
- Company restructure put the right team in place for long term success

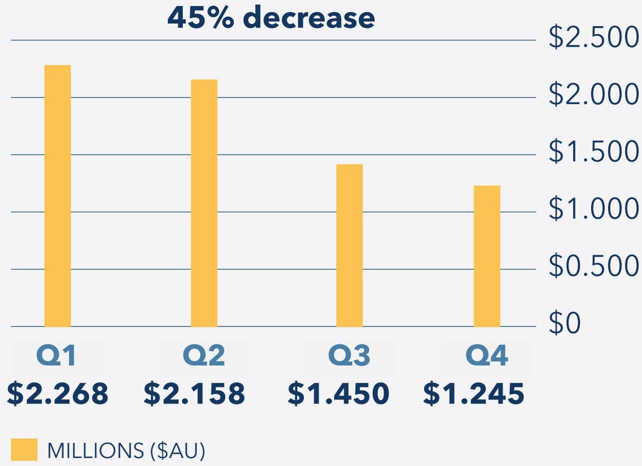
Customer Revenue

48% increase



Quarterly Operating Cash Flows

45% decrease



In addition to regulatory demand, new technologies have revolutionised how we interact, and customers expect a simpler and more personal experience. This has accelerated the need for digital transformation, a difficult and costly undertaking in an industry known for legacy technology and paper-based processes. Identitii's overlay approach solves both of these challenges. Instead of replacing complex technology systems, our strategy is to enhance what is already there. This enables our customers to quickly provide a seamless, digital experience for their clients and creates an auditable record of the data needed to ensure regulatory compliance and reduce financial crime.

The right team

Identitii has ambitious goals for FY21 and we are well positioned to deliver on them. We have the right team in place, led by John Rayment, whose experience and understanding of how to drive our business forward are already yielding significant results for the Company.

John's focus is on driving customer growth with new licence sales both here in Australia and internationally and in turn, increasing shareholder value. He was instrumental in expanding our business development function, with former executives from Deutsche Bank, Standard Chartered Bank and Travelex bringing 30 years of experience to the team.

You may also have seen that following year-end we announced a Master Services Agreement with Mastercard. This clearly indicates that the work done to restructure and refocus the business in FY20 has us on the right track for success in FY21.

Thank you all for your continued support.

Steve James
Independent Chairman

A letter from our CEO

Dear shareholders and friends,

Like most Australian companies, FY20 has been a year of extraordinary change for Identitii as we've watched terrible bushfires and floods devastate entire communities, and the global COVID-19 crisis devastate entire industries. In addition to this, our Company has faced significant internal challenges this year, experiencing delays to our business development agenda which adversely impacted our ability to raise capital. That said, I'm very pleased to report that despite these challenges, we didn't just survive FY20 – I believe we've finished in a very strong position.

Here are the key themes that defined the year we've had as a company.

Transitioning our Board and CEO

I was introduced to our Co-Founder Nick Armstrong in September of 2019 by a close mutual friend, whilst working in London and planning my family's return to Sydney at the end of the year. Nick introduced me to Identitii and indicated he was thinking about stepping down as CEO sometime in 2020 as the business moved into its next growth phase. He offered me the chance to join Identitii and I started at the end of December as (Interim) Chief Operating Officer to help the Leadership Team execute their immediate goals, freeing Nick up to focus on the next round of fundraising.

In mid-March this year our then Chairman, Mike Aston and Non-Executive Director, Peter Lloyd decided the time was right to resign from their roles, which created the opportunity for Nick Armstrong to be appointed Chairman and resign from the CEO role.

I was appointed CEO and Managing Director and we welcomed Steve James as our new Non-Executive Director in mid-March. Several months later the Board agreed, from an independence perspective, that it was appropriate for Steve James to be appointed Chairman, and for our Co-Founder and largest shareholder, Nick Armstrong, to remain on the Board as Non-Executive Director.

The current Board wishes to take this opportunity to again thank both Mike Aston and Peter Lloyd for the professionalism and support they showed the Company whilst in office and wish them the very best of luck in their future endeavours. Despite a tumultuous FY20, the current Board and Executive have settled into a very positive and supportive rhythm and are optimistic about the future.

This year was all about next year

Following the Board and Executive changes mid-March, our focus for FY20 quickly crystallised on preparing for a strong start to FY21. We set capital, costs, people, technology and business development objectives – and I'm proud to say that we hit all of them by year end.

Capital: our objective was to raise enough capital to extend our runway into 2021, allowing us to focus firmly on delivering new commercial deals this side of Christmas. We successfully raised $1.9m in May and raised another $1.9m in July.

Costs: our objective was to significantly reduce operating costs to even further extend our runway. Q4 FY20 'like for like' operating costs (excluding one-off restructure costs) were 45% lower than Q1 FY20 and will hold until new commercial deals land.

People: our objective was to increase capacity in sales and technology, whilst reducing costs. We welcomed three new direct sales executives, created a new channel sales role, and expanded our senior engineering ranks, to increase throughput.

Technology: our objective was to deploy Overlay+ with a bank and prepare for ISO-27001 information security certification. We successfully commenced user testing with HSBC Australia in May and are well on the way to ISO certification, with the audit taking place in August.

Business Development: our objective was to build new sales and marketing plans and resell the technology we've already built. We have an all-new library of marketing content on existing tech, and strong progress with new business development meetings.

The problem we solve is growing

Identitii exists to help financial services businesses, such as banks and money service businesses, reduce their regulatory risks, by providing structure and transparency to client data that is processed and stored on legacy systems. As technology advances, so do the expectations of government regulators and both corporate and consumer customers, to see much richer information relating to financial transactions. The (big) problem is, most of the technology used to process and report transactions in the financial services industry is not new, and more often than not a collection of dozens, or even hundreds, of individual systems inside single organisations.

Replacing these systems is extremely costly and risky, so there has to be a better way of increasing the amount of transaction level information, without financial services businesses having to incur the costs and risks of replacing legacy technology. If the problem isn't addressed, financial services businesses and their executives face increasing fines, reputational damage and even jail time, as it can enable financial crime. Identitii's Overlay+ platform takes structured and unstructured data from across systems and silos, and creates a single, transparent and auditable view of client data, to help financial services businesses reduce their regulatory risk.

The future ahead is very bright

One of the primary drivers for me joining Identitii was the feedback I received about the company from senior banking executives in my own personal network. Based on very little research (a polite yet cursory glance at our old website and one or two pages from some of our presentations) all of my connections were immediately enthusiastic about me joining a business that helped financial services businesses reduce regulatory risk, created by the collision of rising pressure to see more transaction information, and legacy technology that can't do it.

Eight months into my tenure with Identitii, the initial enthusiasm from my network is matched equally by our repeated ability to secure meetings with senior executives from tier-one financial services businesses all over the world. Either we're all very nice people, or we're solving one of the biggest problems facing the global financial services industry. In reality the reason is a little from column-a and a lot from column-b, and whilst we are addressing a significant global opportunity, I am enormously proud of the team we've assembled, and the results I'm confident we will deliver in the future.

Thank you for taking the time to read our annual report. On behalf of our Board and team, I would like to take this opportunity to thank you for your continued support – we're very much looking forward to FY21!

Regards,
John Rayment
Chief Executive Officer

FY20 Highlights

2019

- **Jul** – Loot software licence acquired
- **Aug** – HSBC Australia becomes second customer
- **Sept** – ACCC testing announced
- **Sept** – Q1 OpEx is $2.3M
- **Nov** – Symphony partnership
- **Dec** – R3 Partnership
- **Dec** – Q2 OpEx is $2.2M, down 5% from Q1

2020

- **Jan** – John Rayment joins as Interim COO
- **Mar** – Q3 OpEx is $1.5M, down 36% from Q1
- **Mar** – John Rayment appointed CEO
- **Mar** – Steve James joins Board
- **Mar** – 1 for 1 non-renounceable Entitlement Issue announced
- **Mar** – Team commences WFH under COVID-19
- **Mar** – Nick Barrett and Andrew Creighton join BD team
- **May** – Entitlement Issue closes, raising $1.9M
- **Jun** – Peter Agnew joins as Head of BD
- **Jun** – Q4 OpEx is $1.2M, down 45% from Q1
- **Jun** – FY20 Revenue up 48% from FY19

FY20

FY21

- **Jul** – 63 new sales conversations in one month
- **Jul** – Additional $1.9M raised via Residual Shortfall placement
- **Jul** – 85% of Identitii employees participate in share offer
- **Jul** – Gus Garcia joins as Director, Technology
- **Aug** – Mastercard MSA signed

Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Identitii Limited (the Company) and its subsidiary for the year ended 30 June 2020 and the auditor's report thereon.

Directors

The Directors of the Company at any time during the year ended 30 June 2020 and up to the date of this report are:

Name, qualification and independence status	Experience, special responsibilities and other directorships
Executive	
Mr. John Rayment *Dip Proj Mgt, Dip Bus Mgmt, Dip Bus Mktg* *Executive Director* Appointed 19 March 2020	John brings a wealth of experience to Identitii, having supported many early-stage ventures through sharp periods of growth. He has held board and executive roles at Travelex across the globe and has proven success in helping businesses to scale in line with rapidly expanding customer demand. John is the Chief Executive Officer/Managing Director of the Company.
Non-Executive	
Mr. Steven James *M(Fin Serv) Law, NSAA, Dip FM, GAICD* *Independent Non-Executive Director* *Chairman* Appointed 19 March 2020	Steve has held senior leadership and board positions at multiple public and private organisations, including the Commonwealth Bank of Australia, CommSec, Aston Consulting, Motorcycling Australia and Seer Asset Management. He also played a pivotal role in developing the first online stockbroking business for financial planners, which was later sold to CommSec. Chairman of the Nomination and Remuneration Committee and the Audit and Risk Committee.
Mr. Nicholas Armstrong *B. Sc* *Non-Executive Director* Appointed 16 May 2020 (resigned as CEO 15 May 2020)	Nicholas is an entrepreneur, with over 15 years' experience in building and scaling technology businesses. Nicholas was founder and CEO of COZero Holdings Ltd, an energy technology company, until it was taken over by a Japanese strategic investor in 2013. Nicholas co-founded Identitii in 2014 with Eric Knight and was the CEO for 6 years before moving into his new role as Non-Executive Director in May 2020. Member of the Nomination and Remuneration Committee and the Audit and Risk Committee.

Name, qualification and independence status	**Experience, special responsibilities and other directorships**
Non-Executive	
Mr. Michael Philip Aston *B. E. Eng* *Independent Non-Executive Director* *Chairman* Appointed 29 June 2018 (resigned 17 March 2020)	Michael is an experienced senior executive and FinTech entrepreneur with an international career in building and leading global technology businesses. Michael was CEO, Chairperson and co-founder of Distra Pty Limited, a leading next generation payments platform, until it was acquired by ACI worldwide in 2012. Michael has held a number of executive and board positions with large global corporates including GEC Marconi, Serco Systems Limited, CAE Incorporated and is currently Business Executive Advisor to Accenture. Michael is a member of the Australian Institute of Directors and received an NSW Pearcey Award for entrepreneurship in 2013. Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Committee.
Mr. Peter Lloyd *MAICD* *Independent Non-Executive Director* Appointed 4 September 2018 (resigned 17 March 2020)	Peter has over 40 years' experience in computing technology, having worked for both computer hardware and software providers. For the past 35 years, Peter has been involved in the provision of payments solutions for banks and financial institutions. Currently Peter is an Independent Non-Executive Director of ASX listed companies Integrated Research Limited (ASX:IRI) (appointed July 2010) and Flamingo AI Limited (ASX:FGO) (appointed April 2018). Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.
Mr. Nathan Lynch *B.J., MAICD* *Independent Non-Executive Director* Appointed 8 December 2019 (resigned 3 March 2020)	Nathan is an experienced public speaker, writer, manager and start-up enthusiast. He specialises in the fields of Financial Crime Intelligence, Anti-Money Laundering, Counter-Terrorism Financing and Regulatory Risk.

Name, qualification and independence status	Experience, special responsibilities and other directorships
Non-Executive	
Mr. Martin Rogers *B.Eng (Chem), B.Sc (Computer)* *Non-Executive Director* Appointed 16 January 2018 (resigned 8 October 2019)	Martin is a start-up investor and company Director with experience in incubating companies and publicly listed organisations. Martin has experience in many aspects of financial, strategic and operational management and has been both an investor and senior executive in a private funded advisory business in the technology, science and life sciences sector. Martin is Chief Investment Officer of KTM Ventures Innovation Fund LP and is also a Director of Independent Reserve, a leading institutional Australian cryptocurrency exchange. Member of the Nomination and Remuneration Committee and the Audit and Risk Committee.

Company secretary

Elissa Hansen is a chartered secretary with nearly 20 years' experience as a company secretary and corporate governance professional. She has worked with boards and management on a range of ASX and NSX listed companies including assisting a number of organisations through the IPO process. Elissa is experienced in the specific requirements of companies in industries including resources, information technology, industrials and biotechnology.

Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Steven James	3	3	1	1	1	1
John Rayment	3	3	-	-	-	-
Nicholas Armstrong	25	25	1	1	1	1
Michael Aston	22	21	1	1	-	-
Peter Lloyd	22	22	1	1	-	-
Nathan Lynch	6	6	-	-	-	-
Martin Rogers	3	3	1	1	-	-

A – Eligible to attend

B – Attended

Principal activities

The principal activities of the Group during the financial year were business development, marketing and research and development activities, as well as further development of Identitii's Overlay+ platform.

Identitii helps reduce regulatory risk for financial institutions and their executives without replacing legacy technology. The burden of regulatory compliance continues to increase, and financial institutions and their executives face increasing fines, reputational damage and even jail time if regulatory reporting is incomplete or inaccurate.

Identitii's Overlay+ platform sits on top of existing legacy technology systems to create a single, digital workflow for the structured and unstructured data financial institutions need to ensure regulatory compliance.

Operating and financial review

Review of operations

During the year ended 30 June 2020, the Group achieved the following operational milestones:

– On 30 July 2019, the Group announced the signing of a non-exclusive perpetual licence agreement with Loot Financial Services Limited. The licence delivered time and cost savings to the Group of approximately four months and $2 million respectively.

– On 20 August 2019, the Group announced it signed a second licence agreement under the Global Framework Agreement with HSBC Global Services (UK) Limited. The new licence agreement, with HSBC Australia, is for a four year term and has a minimum contract value of $511,600.

– On 26 September 2019, the Group announced it was selected by the Australian Competition and Consumer Commission as one of ten companies to test the Consumer Data Right (CDR) ecosystem.

– On 13 November 2019, the Group announced its partnership with Symphony Communications Services LLC, to integrate its Overlay+ platform with Symphony's leading global markets collaboration platform tool. The combined solution enables Symphony's 450,000 licensed users to securely collect, store and share data and documents via the Symphony messaging platform.

– On 6 December 2019, the Group and R3 announced they would undertake a global, multi-bank trial of its Overlay+ platform to R3's member banks, to explore the benefits of Overlay+ on R3's Corda Enterprise blockchain. The CordApp trial was subsequently delayed due to the Coronavirus (COVID-19) pandemic and is now due to take place in 2021.

– On 3 February 2020, the Company was placed into a trading halt and subsequently suspended from official quotation pending completion of an equity raise.

– During March 2020, a Board rejuvenation saw the resignation of Directors Michael Aston, Peter Lloyd and Nathan Lynch and the appointment of Steven James. Nicholas Armstrong, the CEO and founder, also resigned to take up a Non-Executive Director role whilst John Rayment was appointed CEO and Managing Director.

– On 14 May 2020, the Company announced the completion of its shareholder Entitlement Issue and the reinstatement of its shares to the Australian Securities Exchange (ASX). A total of 27.3 million shares were issued, raising $1.9 million in capital.

– On 30 June 2020, the Group announced the expansion of its business development team with former executives from Standard Chartered Bank, Deutsche Bank, Travelex and Western Union Business Services. Nick Barrett, Andrew Creighton and Peter Agnew joined the team, bringing over 30 years' experience in selling to and working in financial institutions both in Australia and around the world.

Review of financial conditions

The Group reported revenue from contracts with customers of $941,592 for the year ended 30 June 2020 (30 June 2019: $635,134), an increase of 48% from the prior year. This reflects the progress of the Group in its path to becoming revenue generating and self-sustaining. The Group reported a net loss after tax of $7,074,479 for the year ended 30 June 2020 (30 June 2019: $8,163,297) which was substantially driven by salary and employee benefit expenses and expenditure on research and development (R&D) related activities.

The Group held $1,323,748 of loans and borrowings at 30 June 2020 which includes $601,248 of lease liabilities in relation to the adoption of AASB 16: *Leases* during the year. The Group had a positive net current asset balance of $618,558 and positive overall net asset balance of $1,058,127.

The Group had $1,411,309 of cash and cash equivalents on hand at 30 June 2020 and reported a net cash outflow from operating activities of $4,657,603 during the year ended 30 June 2020.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2020.

Dividends

No dividends were declared or paid by the Company during the financial year ended 30 June 2020.

Events subsequent to reporting date

On 10 July 2020, the Group announced the release of a new FX solution, deployed on the existing Overlay+ core platform, allowing the Company to solve more problems for existing customers and prospects and further expanding its global market opportunities.

On 24 July 2020, the Group confirmed it had successfully raised an additional $1.9 million by placing 27.3 million Residual Shortfall Shares reserved per the Company's Entitlement Offer prospectus.

On 29 July 2020, the Group settled its R&D finance loan with Radium Capital in full.

On 24 August 2020, the Group announced it had signed a five year Master Services Agreement (MSA) with Mastercard International Incorporated (Mastercard). The MSA allows the Company to sell to and work with any Mastercard business globally and is the first step in agreeing specific projects that will see Identitii's Overlay+ platform implemented with Mastercard. At the date of this report, the Company is not able to determine the economic materiality of the agreement, as activity and revenue will be laid out in subsequent Statements of Work.

The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the matters discussed above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly in future financial years the operations of the Group, the results of those operations, or the state of affairs of the Group.

Likely developments

The Group will continue to develop the Overlay+ platform and continue to sign new customers and grow its pipeline of partners. This will require further investment in product and business development and marketing.

To address the going concern basis of preparation note in the financial statements and to enable the Company to fulfil its obligations as and when they fall due for a period of no less than 12 months from the issuance of this financial report, the Company is focused on sales and marketing activities to bring in new customer engagements and is evaluating plans to secure additional funding. To continue as a going concern the Company is reliant on achieving its forecast revenue and research and development tax incentive income milestones, as well as securing additional customer engagements and funding to meet its working capital requirements.

Based on the above, the financial report for the year ended 30 June 2020 has been prepared on a going concern basis as the Directors conclude there are reasonable grounds to believe that the Company will continue to pay its debts as and when they become due and payable for a period of at least 12 months from the date of signing this report.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations are not regulated by any significant law of the Commonwealth or of a State or Territory relating to the environment.

Directors interests

The relevant interest of each Director in the shares and options over shares issued by the companies within the Group, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary shares	**Options over ordinary shares**
Steven James	-	-
John Rayment	-	-
Nicholas Armstrong [1]	9,555,263	1,350,000

(1) 275 Invest 2 Pty Ltd ATF the 275 Investment Trust, of which Nicholas Armstrong is a beneficiary, holds and controls the majority number of shares on issue in the Company and has been allocated options under the Equity Incentive Plan.

Share options

Unissued shares under option

At the date of this report, unissued shares of the Group under option are:

Expiry date	Exercise price	Number of shares
1 July 2021	$0.90	650,000
1 July 2021	$0.98	650,000
1 July 2021	$1.20	650,000
13 May 2022	$0.10	5,000,000
2 October 2022	$0.75	2,419,444
8 October 2022	$0.75	50,000
19 November 2022	$0.75	97,169
1 January 2023	$0.75	200,000
14 January 2023	$0.75	25,000
11 February 2023	$0.75	25,000
6 March 2023	$0.75	100,000
18 March 2023	$0.75	50,000
27 May 2023	$0.75	100,000
1 July 2028	$0.75	358,082
6 July 2028	$0.75	1,350,000
1 August 2028	$0.75	578,125
Total unissued shares under option		**12,302,820**

All unissued shares are ordinary shares of the Company.

All options issued to employees under the Group's Equity Incentive Plan expire on the earlier of their expiry date or termination of the employee's employment, unless approved otherwise by the Board. All other options expire on their expiry date.

Further details about share-based payments to Directors and Key Management Personnel are included in the remuneration report in Table 1.

Shares issued on exercise of options

During or since the end of the financial year, no ordinary shares of the Company were issued by the Group as a result of the exercise of options.

Indemnification and insurance of officers and auditors

The Company has entered into a director protection deed with each Director. Under these deeds, the Company indemnifies the Directors against all liabilities to another person that may arise from their position as Director of the Company and its controlled entities.

The Company has not indemnified or made a relevant agreement for indemnifying against a liability to any person who is or has been an auditor of the Group.

Indemnification and insurance of officers and auditors (continued)

The Group paid insurance premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts for the year ended 30 June 2020 and subsequent to the year end. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been Directors or Executive Officers of the Group.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 23 to the financial statements.

The Board are satisfied that the provision of non-audit services during the financial year, by the auditor, is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the *APES 110 Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of RSM

There are no officers of the Company who are former partners of RSM.

Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24 and forms part of the Directors' report for the year ended 30 June 2020.

Rounding of amounts to the nearest dollar

In accordance with *ASIC Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and consolidated financial statements have been rounded to the nearest dollar.

Audited Remuneration Report

The Directors present the Remuneration Report (the Report) for the Company and its subsidiary (the Group) for the year ended 30 June 2020. This Report forms part of the Directors' Report and has been audited in accordance with Section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for the Group's Key Management Personnel (KMP):

- Executive KMP
- Non-Executive Directors

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

1. Principles of remuneration

The performance of the Group depends upon the quality and commitment of the Directors and Executives. The philosophy of the Directors in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate hurdles for variable executive remuneration.

The Nomination and Remuneration Committee reviews and make recommendations to the Board on the Group's remuneration policies, procedures and practices. It also defines the individual packages offered to Executive Directors and KMP, for recommendation to the Board.

The Board may consider engaging an independent remuneration consultant, to advise the Board on appropriate levels of remuneration relative to its industry peer group.

In accordance with Corporate Governance best practice (Recommendation 8.2), the structure of Non-Executive Director and Executive remuneration is separate and distinct as follows:

a) Non-Executive Directors

Fixed and variable remuneration

The Board seeks to set Non-Executive Directors' remuneration at a level that provides the Group with the ability to attract and retain Directors of a high calibre whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. This amount has been fixed by the Company at $250,000. The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from shareholders and takes into account the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Non-Executive Directors' base fees cover all main board activities and membership of all committees; however, they do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation. Non-Executive Directors are entitled to participate in the Equity Incentive Plan.

Fixed and variable remuneration (continued)

Year ended to	30 June 2020	30 June 2019
	$	**$**
Chairman's Fee	50,000	115,000
Non-Executive Directors Fee	50,000	50,000

In the prior year, the Board approved an increase in Michael Aston's remuneration to $115,000 p.a. commensurate with Michael's increase in engagement, namely an additional one day per week to provide assistance with sales, partnerships, business development and investor relation activities. Michael Aston resigned from the Company on 17 March 2020.

b) Executives and Executive Director remuneration

Remuneration for Executives and Executive Directors consists of fixed and variable remuneration only.

Fixed remuneration

Fixed remuneration is reviewed annually by the Directors. The process consists of a review of relevant comparative remuneration in the employment market and within the Group. The Group may engage an independent remuneration consultant to advise the Board on appropriate levels of remuneration for the Group's Executive Directors relative to its industry peer group.

Variable remuneration

Variable remuneration is provided in the form of share options under the Group Equity Incentive Plan (EIP). Under the EIP, one share option entitles the holder to one share in the Company subject to vesting conditions. Executives and Executive Directors vesting conditions are linked to continued years of service and may be linked to performance hurdles. The Board have the discretion to settle share options with a cash equivalent payment. Participants in the EIP will not pay any consideration for the grant of the share option unless determined otherwise. Share options will not be listed and may not be transferred, assigned or otherwise dealt with unless approved by the Directors. If the executive's employment terminates before the share options have vested, the share options will lapse, unless approved otherwise by the Board.

2. Details of remuneration

Details of the remuneration of the KMP as defined in *AASB 124 Related Party Disclosures* are set out in Table 1 which follows.

The KMP of the Group have authority and responsibility for planning, directing and controlling the activities of the Group. The KMP make or participate in making decisions that affect the whole, or a substantial part, of the business or who have the capacity to affect significantly the Group's financial standing.

The KMP of the Group are the Executive and Non-Executive Directors and the Chief Financial Officer.

Details of the nature and amount of each major element of remuneration of each Director of the Company, and other KMP of the Group are:

Table 1	**Short-term benefits**		**Post-employment**	**Other long-term benefits**	**Termination benefits**	**Share-based payments**	**Total**	**% share-based payments**
	Salary	**Consulting fee**	**Superannuation**	**(A)**		**Share options (B)**		**(variable)**
Year ended 30 June 2020	**$**	**$**	**$**	**$**	**$**	**$**	**$**	
Executive Directors								
John Rayment [(1)]	60,455	-	5,743	4,650	-	-	**70,848**	0%
Non-Executive Directors								
Steven James [(2)]	12,000	-	-	-	-	-	**12,000**	0%
Nicholas Armstrong [(3)]	145,935	12,000	13,864	21,506	25,000	170,634	**388,939**	44%
Michael Aston [(4)]	71,040	-	6,749	-	-	47,395	**125,184**	38%
Peter Lloyd [(5)]	32,517	-	3,089	-	-	-	**35,606**	0%
Nathan Lynch [(6)]	11,060	-	1,052	-	-	-	**12,112**	0%
Martin Rogers [(7)]	16,740	-	-	-	-	-	**16,740**	0%
Other KMP								
Margarita Claringbold [(8)]	165,549	-	-	-	-	-	**165,549**	0%
Total	**515,296**	**12,000**	**30,497**	**26,156**	**25,000**	**218,029**	**826,978**	

(1) Appointed as CEO on 19 March 2020.
(2) Remuneration invoiced via Aston Consulting Pty Ltd of which Steven James is a beneficiary. Appointed 19 March 2020.
(3) Includes remuneration as Executive Director from 1 July 2019 – 15 May 2020 and as Non-Executive Director from 16 May 2020 – 30 June 2020. Share options held via 275 Invest 2 Pty Ltd of which Nicholas Armstrong is a beneficiary.
(4) Share options held via M&M Funds Management Pty Ltd ATF Savu Superannuation Fund of which Michael Aston is a beneficiary. Resigned 17 March 2020.
(5) Resigned 17 March 2020.
(6) Appointed 8 December 2019 (resigned 3 March 2020).
(7) Remuneration invoiced via Structure Investments Pty Ltd ATF Rogers Family Trust of which Martin Rogers is a beneficiary. Resigned 8 October 2019.
(8) Remuneration invoiced via Gram Accounting & Advisory Pty Ltd of which Margarita Claringbold is a beneficiary. This includes remuneration for CFO, accounting and equity raise related services.

	Short-term benefits	Post employment	Other long-term benefits	Share-based payments	Total	% share-based payments
	Salary	Superannuation	(A)	Share options (B)		(variable)
Year ended 30 June 2019	$	$	$	$	$	
Executive Directors						
Nicholas Armstrong	148,674	14,970	12,308	486,933	**662,885**	73%
Non-Executive Directors						
Michael Aston	75,125	7,137	-	65,776	**148,038**	44%
Martin Rogers	50,000	-	-	-	**50,000**	0%
Peter Lloyd (1)	37,862	3,597	-	-	**41,459**	0%
Gregory Clark (2)	-	-	-	-	**-**	0%
Other KMP						
Margarita Claringbold	138,625	-	-	-	**138,625**	0%
Total	**450,286**	**25,704**	**12,308**	**552,709**	**1,041,007**	

(1) Appointed 4 September 2018.
(2) Appointed 29 June 2018 (resigned 30 July 2018).

(A) In accordance with *AASB 119 Employee Benefits*, annual leave is classified as other long-term employee benefits.
(B) The fair value of share options is calculated at the grant date using the Black Scholes options-pricing model and allocated to each reporting period from grant date to vesting date depending on the vesting conditions attached to the options. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

3. Service agreements

The following is a summary of the current major provisions of the agreement relating to remuneration of the Executive Director.

John Rayment – Chief Executive Officer

John Rayment is the Chief Executive Officer of the Group and is considered a key member of the Group's management team.

John receives a base salary of $210,000 per annum plus superannuation and will receive 8,000,000 share options, subject to shareholder approval, with attached service and performance vesting conditions.

Employment Conditions

Commencement date: 19 March 2020

Term: Ongoing until notice is given by either party

Review: Annually

Notice period required on termination: 3 months by either party

Termination benefits: None

Independent Review

To ensure the Group complies with industry best practice in relation to the remuneration of its Executive Director, the Non-Executive Directors of the Group will consider engaging the services of a remuneration consultant to conduct an independent assessment of the remuneration packages negotiated with its Executive Director.

The following is a summary of the current major provisions of the agreement relating to remuneration of executive KMP:

Margarita Claringbold – Chief Financial Officer

Margarita has been engaged by the Group pursuant to the terms of a written Executive Service Agreement to oversee all finance functions in her appointed role as Chief Financial Officer. The executive services agreement is in effect until terminated.

Margarita receives $11,000 per month (exclusive of GST), with provision for additional days of work as required.

Employment Conditions

Commencement date: December 2017 (with current Executive Services Agreement in place since 1 August 2018)

Term: Ongoing until notice is given by either party

Notice period required on termination: 3 months by either party

Termination benefits: None

3. Service agreements (continued)

The following is a summary of the current major provisions of the consulting agreement relating to remuneration of Non-Executive Director, Nicholas Armstrong.

Nicholas Armstrong – Non-Executive Director

During May 2020, Nicholas Armstrong stepped down as CEO and into a Non-Executive Director role. In addition to this, a consulting agreement was signed effective 18 May 2020 which requires Nicholas to provide an additional 2.5 days per week to the Company. The agreement covers the provision of business consulting services to the CEO as well as supporting the CEO to execute on agreed strategic, operational and commercial business objectives.

Nicholas receives $800 per day (exclusive of GST), with provision for additional days of work as required.

Employment Conditions

Commencement date: 18 May 2020

Term: Until 31 October 2020 after which the agreement may be extended by mutual agreement

Notice period required on termination: 1 month by either party

Termination benefits: None

4. Equity instruments

All share options refer to options over ordinary shares of Identitii Limited, which are exercisable on a one-for-one basis under the Equity Incentive Plan (EIP).

a) Options over equity instruments granted as compensation

All options expire on the earlier of their expiry date or termination of the individual's employment. Vesting is conditional on the individual remaining in employment during the vesting period.

No share options were granted to KMP as compensation during the year ended 30 June 2020.

b) Analysis of movements in equity instruments

The movement during the year in the number of options over ordinary shares in Identitii Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Number held at 1 July 2019	Forfeited	Number held at 30 June 2020	Vested during the year	Vested at 30 June 2020	Exercisable at 30 June 2020
Nicholas Armstrong	1,350,000	-	1,350,000	450,000	450,000	-
Michael Aston	400,000	(41,918)	358,082	108,082	358,082	-

5. KMP transactions

a) Loans to / (from) KMP and their related parties

Details regarding loans outstanding at the end of the reporting period to / (from) KMP and their related parties, where the individual's aggregate loan balance exceeded $100,000 in the reporting period, are as follows:

	Balance 1 July 2019 $	Balance 30 June 2020 $	Interest not charged $	Highest balance in period $
John Rayment	-	(100,000)	-	(100,000)

This loan is for a 12 month term, is interest free and may convert to equity at $0.07 per share with shareholder approval.

b) Other transactions with KMP

A number of KMP, or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of that entity.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

c) Movement in shares

The movement during the reporting period in the number of ordinary shares in Identitii Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2019	Acquired	Held at 30 June 2020
Steven James	-	-	**-**
John Rayment	-	-	**-**
Nicholas Armstrong	9,478,340	76,923	**9,555,263**
Michael Aston (1)	252,897	71,057	**323,954**
Peter Lloyd (2)	-	-	**-**
Nathan Lynch (3)	-	-	**-**
Martin Rogers (4)	2,134,003	-	**2,134,003**
Margarita Claringbold	7,000	-	**7,000**

(1) Michael Aston ceased as Director on 17 March 2020. The ordinary shares held balance at the end of the financial period is at date of cessation.

(2) Peter Lloyd ceased as Director on 17 March 2020. The ordinary shares held balance at the end of the financial period is at date of cessation.

c) Movement in shares (continued)

(3) Nathan Lynch ceased as Director on 3 March 2020. The ordinary shares held balance at the end of the financial period is at date of cessation.

(4) Martin Rogers ceased as Director on 8 October 2019. The ordinary shares held balance at the end of the financial period is at date of cessation.

This Directors' Report is signed in accordance with a resolution of the Board of Directors:

Steven James
Chairman

Sydney
27 August 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Identitii Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

GNS

Gary Sherwood
Partner

Sydney NSW
Dated: 27 August 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	30 June 2020 $	30 June 2019 $
Revenue from contracts with customers	9	941,592	635,134
Research and development tax incentive		740,381	1,184,264
Government grants	10	364,539	174,210
Interest income		14,396	51,553
Total revenue and other income		**2,060,908**	**2,045,161**
Expenses			
Salaries and employee benefit expenses		2,913,502	2,050,425
Share based payments		1,125,708	2,728,086
Consultants fees		1,490,385	885,731
Advertising and marketing		238,464	363,149
Depreciation and amortisation		121,759	33,192
General expenses		725,734	424,161
Interest expense		70,095	24,832
Legal expenses		214,104	283,671
Office expenses		289,426	169,463
Travel and accommodation		184,426	151,765
Short-term lease payments		62,050	99,238
IPO listing expenses		-	207,067
Impairment reversal on trade receivables		(2,291)	(1,036)
Research and development expenses		1,702,025	2,783,714
Total expenses		**9,135,387**	**10,203,458**
Loss before income tax		**(7,074,479)**	**(8,158,297)**
Income tax expense	11	-	5,000
Loss for the year		**(7,074,479)**	**(8,163,297)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(7,074,479)**	**(8,163,297)**
Basic loss per share (cents)	12	(12.18)	(16.27)
Diluted loss per share (cents)	12	(12.18)	(16.27)

Consolidated Statement of Financial Position

	Note	30 June 2020 $	30 June 2019 $
Assets			
Current assets			
Cash and cash equivalents	13	1,411,309	4,120,380
Research and development tax incentive receivable		740,381	1,205,915
Trade receivables	9	43,702	218,358
Other receivables		186,343	171,036
Contract assets	9	66,500	-
Total current assets		**2,448,235**	**5,715,689**
Non-current assets			
Intangible assets		62,112	-
Property, plant and equipment	14	852,275	407,836
Other non-current assets		-	15,992
Total non-current assets		**914,387**	**423,828**
Total assets		**3,362,622**	**6,139,517**
Liabilities			
Current liabilities			
Trade and other payables	15	267,734	394,141
Employee provisions	16	668,468	322,064
Contract liabilities	9	44,545	34,425
Loans and borrowings	17	848,930	30,253
Total current liabilities		**1,829,677**	**780,883**
Non-current liabilities			
Loans and borrowings	17	474,818	-
Total non-current liabilities		**474,818**	**-**
Total liabilities		**2,304,495**	**780,883**
Net assets		**1,058,127**	**5,358,634**
Equity			
Share capital	18	17,930,105	16,261,495
Share options reserve	27	3,710,236	2,584,528
Foreign currency translation reserve		7,124	(1,729)
Retained losses		(20,589,338)	(13,485,660)
Total equity		**1,058,127**	**5,358,634**

Consolidated Statement of Changes in Equity

	Note	Share capital $	Share option reserve $	Foreign currency translation reserve $	Retained losses $	Total equity $
Balance at 1 July 2019		**16,261,495**	**2,584,528**	**(1,729)**	**(13,485,660)**	**5,358,634**
Initial application of AASB 16	5	-	-	-	(29,199)	(29,199)
Adjusted balance at 1 July 2019		**16,261,495**	**2,584,528**	**(1,729)**	**(13,514,859)**	**5,329,435**
Total comprehensive loss		-	-	8,853	(7,074,479)	(7,065,626)
Issue of ordinary share capital	18	1,908,158	-	-	-	1,908,158
Costs of equity raising	18	(239,548)	-	-	-	(239,548)
Equity-settled share based payments	27	-	1,125,708	-	-	1,125,708
Balance at 30 June 2020		**17,930,105**	**3,710,236**	**7,124**	**(20,589,338)**	**1,058,127**
Balance at 1 July 2018		**3,939,439**	**1,975,966**	**-**	**(5,320,479)**	**594,926**
Initial application of AASB 15		-	-	-	1,487	1,487
Initial application of AASB 9		-	-	-	(3,371)	(3,371)
Adjusted balance at 1 July 2018		**3,939,439**	**1,975,966**	**-**	**(5,322,363)**	**593,042**
Total comprehensive loss		-	-	(1,729)	(8,163,297)	(8,165,026)
Issue of ordinary share capital	18	10,999,975	-	-	-	10,999,975
Costs of equity raising	18	(828,713)	-	-	-	(828,713)
Share options exercised		1,926,667	(1,895,397)	-	-	31,270
Share options forfeited		224,127	(224,127)	-	-	-
Equity-settled share based payments	27	-	2,728,086	-	-	2,728,086
Balance at 30 June 2019		**16,261,495**	**2,584,528**	**(1,729)**	**(13,485,660)**	**5,358,634**

Consolidated Statement of Cash Flows

	Note	30 June 2020 $	30 June 2019 $
Cash flows from operating activities			
Receipts from customers		1,093,022	637,300
Receipts from government grants and tax incentives		1,509,266	989,398
Payments to suppliers and employees		(7,269,044)	(6,769,681)
Cash flows utilised in operations		**(4,666,756)**	**(5,142,983)**
Interest received		15,019	50,929
Interest and other costs of finance paid		(5,866)	(4,387)
Total cash flows from operating activities	20	**(4,657,603)**	**(5,096,441)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(18,608)	(443,912)
Proceeds from disposal of property, plant and equipment		1,840	2,740
Acquisition of intangible assets		(62,112)	-
Other cash items from investing activities		12,830	45,115
Total cash flows from investing activities		**(66,050)**	**(396,057)**
Cash flows from financing activities			
Proceeds from borrowings		850,000	-
Repayment of borrowings		-	(400,000)
Lease payments		(95,710)	-
Transaction costs related to borrowings and leases		(30,913)	(20,445)
Proceeds from the issue of shares		1,758,158	10,999,975
Proceeds from exercise of share options		-	31,270
Transaction costs related to issue of shares		(464,722)	(1,255,050)
Total cash flows from financing activities		**2,016,813**	**9,355,750**
Net (decrease) / increase in cash held		**(2,706,840)**	**3,863,252**
Opening cash balance		4,120,380	259,995
Effect of movement in exchange rates		(2,231)	(2,867)
Closing cash balance	13	**1,411,309**	**4,120,380**

Notes to the Consolidated Financial Statements

1. Reporting entity

Identitii Limited (the Company) is a Company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX:ID8). The registered office and principal place of business is Level 2, 129 Cathedral Street, Woolloomooloo, NSW 2011.

These consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Identitii Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended. Identitii Limited and its subsidiaries together are referred to in these financial statements as the Group.

The Group is a for profit entity and is primarily involved in developing and licensing enterprise software for regulated entities. Its main product Overlay+ is a platform that helps reduce regulatory risk, without replacing technology systems.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2020.

2. Basis of preparation

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with *Australian Accounting Standards (AASBs)* adopted by the *Australian Accounting Standards Board (AASB)* and the *Corporations Act 2001*. The consolidated financial statements comply with *International Financial Reporting Standards (IFRS)* adopted by the *International Accounting Standards Board (IASB).*

Details of the Group's accounting policies are included in Note 6.

This is the first set of the Group's annual financial statements in which AASB 16 *Leases* has been applied. Changes to significant accounting policies are described in Note 5.

Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Group will have sufficient cash resources to pay its debts as and when they become due and payable for at least 12 months from the date of signing the financial report.

The statement of profit or loss and other comprehensive income for the year ended 30 June 2020 reflects a loss after income tax of $7,074,479 and total cash outflows from operating activities of $4,657,603. The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant of which are achieving its forecast revenue and R&D tax incentive milestones, bringing in new customer engagements and securing additional funding to meet its working capital requirements.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after considering the following:

Going concern (continued)

- the Company successfully raised a further $1.9 million after the end of the reporting period with an oversubscribed placement of its Residual Shortfall shares;
- the Company signed an MSA with Mastercard after the end of the reporting period and has other potential customer engagements in the pipeline; and
- the Company is evaluating plans to secure additional funding.

Consequently, the Directors have concluded there are reasonable grounds to believe that the Group will continue to be able to pay its debts as and when they become due and payable for a period of no less than 12 months from the date of signing this financial report and that the preparation of the 30 June 2020 financial report on a going concern basis is appropriate.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

3. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Group's functional currency. The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest Australian dollar, unless otherwise stated.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events that management believe to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

COVID-19 pandemic – judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the services offered, customers, staffing and geographic regions in which the Group operates.

Note 9 – revenue recognition: whether revenue from licence fees is recognised over time or at a point in time.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

Note 6 (d) – measurement and realisation of R&D tax incentive: determining the percentage of expenditure that is directly attributable to eligible R&D activities when measuring the R&D tax incentive. Uncertainty exists over the quantum and timing of realisation of the R&D tax incentive claim until such time as the claim has been examined and accepted by the Australian Tax Office (ATO);

Note 11 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can and cannot be utilised;

Note 17 (ii) – Leases : key assumptions relate to the probability of lease options to extend being exercised as well as the estimation of the incremental borrowing rate (IBR). The Group has used an IBR of 5.6% and has assumed the lease period will run for 6 years from inception in August 2018.

Note 21.ii(b) – measurement of expected credit loss (ECL) allowance for trade receivables: key assumptions in determining the weighted average loss rate such as expected future loss based on industry comparatives; and

Note 27 – share based payments: key assumptions in determining the valuation of share based payment transactions on grant date. Key assumptions include expected expiry dates, volatility rates and likelihood of vesting.

5. Significant accounting policies

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 *Leases*

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 *Leases* and for lessees eliminates the classifications of operating leases and finance leases. The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position.

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss.

AASB 16 *Leases* (continued)

For classification within the statement of cash flows, the interest and the principal portion of the lease payments are disclosed in financing activities.

For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

a) Impact on financial statements

Impact on transition
On transition to AASB 16, the Group recognised additional right-of-use assets and lease liabilities, recognising the difference in retained losses. The impact on transition is summarised below.

	1 July 2019
	$
Right-of-use assets: property, plant and equipment	656,227
Lease liabilities – AASB 16: loan and borrowings	(715,679)
Lease liabilities – reversal of previous property lease incentive liability	30,253
Retained losses	29,199

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the interest rate implicit in the lease at 1 July 2019. The weighted average rate applied is 5.6%.

	1 July 2019
	$
Operating lease commitments at 30 June 2019 as disclosed under AASB 17 in the Group's consolidated financial statements	851,469
- exemption for leases with less than 12 months of lease term at transition	(24,416)
	827,053
Discounted using the interest rate implicit in the lease at 1 July 2019	715,679
Lease liabilities recognised at 1 July 2019	**715,679**

b) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

c) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised as the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of
- fixed payments less any lease incentive receivables;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees; and
- the exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

d) Short-term leases and low-value assets

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed on a straight line basis to profit or loss over the lease term.

6. Significant accounting policies

a) Principals of consolidation

Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the exchange rates at the dates of the transactions.

b) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within general expenses.

c) Revenue from contracts with customers

The Group initially applied AASB 15 from 1 July 2018. Information about the Group's accounting policies relating to contracts with customers is provided in Note 9.

d) Research and development tax incentive

The R&D tax incentive encourages companies to engage in R&D benefiting Australia, by providing a tax offset (or a cash refund if in a tax loss position) for eligible R&D activities. The Group recognises the R&D tax incentive in profit or loss when the Group incurs the eligible R&D expenditure. The R&D tax incentive income is presented on a gross basis and is not netted off against the R&D costs to which it relates.

e) Government grants

The Group recognises an unconditional government grant in profit or loss when the grant becomes receivable. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. The grants are recognised on a gross basis in income and are not netted off against the expenditure to which it relates.

Refer to Note 10 for further details.

f) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

f) Employee benefits (continued)

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

Share based payment arrangements

Equity-settled share based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost is measured at fair value on grant date using the Black Scholes option pricing model. The grant date fair value of equity settled share based payment arrangements is recognised as an expense, with a corresponding increase in equity over the vesting period of the award. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes. Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

g) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to incomes taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

g) Income tax (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that is has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

h) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

j) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 45 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

k) Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

l) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

l) Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	2020	2019
Right-of-use asset	6 years	-
Office fit out	6 years	6 years
Computer equipment	3 years	3 years
Office equipment	5 years	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

m) Intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Contract liabilities

Contract liabilities represent the Group’s obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

p) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

q) Leases

The Group initially applied AASB 16 *Leases* from 1 July 2019. Information about the Group’s accounting policies relating to leases is provided in Note 5.

r) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – policy from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value in other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets primarily to collect contractual cash flows; and
- Its contractual term gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test).

The Group does not have any debt or equity investments that are classified and measured at FVOCI. Therefore, all financial assets that do not meet the classification requirements for amortised cost are classified and measured at FVTPL.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest - policy applicable from 1 July 2018

For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

r) Financial instruments (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued contractual interest is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses – policy applicable from 1 July 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group also derecognises a financial asset when its terms are modified and the cash flows associated with the modified asset are substantially different, in which case a new financial asset based on the modified terms is recognised at fair value.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

s) Impairment

A. Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost; and
- contract assets

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets (excluding trade receivables) that are determined to have low credit risk at the reporting date; and
- other financial assets and bank balances for which credit risk (ie. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs and are calculated using a provision matrix under the simplified approach.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward looking information and the use of macro-economic factors.

The Group assumes that the credit risk on a financial asset has increased if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if held); or
- the financial asset is more that 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

s) Impairment (continued)

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (ie. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the asset.

ECLs for trade receivables and contract assets are calculated using a provision matrix based on historical default rates adjusted for current and forecast credit conditions including other business, financial and economic factors such as geographical region and external credit rating.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following:

- significant financial difficulty of the borrower;
- a breach of contract such as default or being more that 90 days past due;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

There have been no changes in estimation techniques or significant assumptions made during the year.

Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write off based on whether there is reasonable expectation of recovery. The Group expects no significant recovery for the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

B. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

s) Impairment (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

t) Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 112.

u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

v) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by Accounting Standards or as a result of changes in Accounting Policy.

w) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price ie. the fair value of the consideration given or received.

w) Fair value (continued)

If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

7. New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- *Amendments to References to Conceptual Framework in IFRS Standards;*
- *Definition of a Business (Amendments to IFRS 3);*
- *Definition of Material (Amendments to IAS 1 and IAS 8); and*
- IFRS 17 *Insurance Contracts.*

8. Operating segments

An operating segment is a component of the Group

- that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with the Group's other components), and
- whose operating results are reviewed regularly by the Group's chief operating decision maker for the purpose of making decisions about allocating resources to the segment and assessing its performance.

The Group currently has one reportable segment, which develops and licenses enterprise software for regulated entities. The revenues and profits generated by the Group's operating segment and segment assets are summarised below:

	Enterprise Software Development and Licensing	
For the year ended 30 June	**2020**	**2019**
	$	**$**
Sales to external customers	941,592	635,134
Other revenue	1,104,920	1,358,474
Total segment revenue	2,046,512	1,993,608
Unallocated revenue:		
Interest revenue	14,396	51,553
Total revenue	**2,060,908**	**2,045,161**

8. Operating segments (continued)

	Enterprise Software Development and Licensing	
For the year ended 30 June	**2020**	**2019**
	$	**$**
EBITDA	**(6,897,021)**	**(8,151,826)**
Depreciation and amortisation	(121,759)	(33,192)
Interest revenue	14,396	51,553
Interest expense	(70,095)	(24,832)
Loss before income tax	(7,074,479)	(8,158,297)
Income tax expense	-	(5,000)
Loss for the period	**(7,074,479)**	**(8,163,297)**
Segment assets	**3,362,622**	**6,139,517**
Segment liabilities	**(2,304,495)**	**(780,883)**

Geographic information

The Group's main operations and place of business is in Australia, with majority of its revenue being derived in Asia.

	30 June 2020	30 June 2019
Revenue from contracts with customers	**$**	**$**
Asia	578,592	614,773
Australia	363,000	-
Other	-	20,361
	941,592	**635,134**

Revenue is based on the location of the customer. Refer to Note 9 for further detail on major customers, products and services.

	30 June 2020	30 June 2019
Location of non-current assets	**$**	**$**
Australia	914,387	418,684
Other	-	5,144
	914,387	**423,828**

Non-current assets include intangible assets, property, plant and equipment, leased assets and rental security deposits.

9. Revenue

The Group generates revenue primarily from the licensing of enterprise software and the provision of professional and maintenance services to its customers.

i. Performance obligations and revenue recognition policies

Under its contracts, the Group grants a licence to the customer for the use of its software. The contract will specify the term of the licence, the jurisdictions in which the licence may be utilised and protocols to be followed to extend the licence beyond the agreed licence term.

The contracts also facilitate the provision of certain software, training, maintenance, customisation and configuration or other services from the Group in consideration for the payment of fees. The customer is granted, for the term of each contract, a non-exclusive, perpetual, irrevocable and royalty-free licence to use the software in a specific use case. The Group retains all rights, title and interest in the intellectual property of the software.

The Group is currently recognising revenue under these contracts for licence fees, maintenance fees, usage fees and professional services, each regarded as a separate performance obligation. Revenue is measured based on the consideration specified in the contract and is recognised when the Group transfers control over the product or service to the customer. Charges are determined by a number of factors including transaction volume, customisation requirements, ongoing support and maintenance and new feature releases. Pricing changes for each renewal term are to be mutually agreed in writing.

The following table provides information about the nature and timing of the satisfaction of performance obligations in its contracts with customers including the related revenue recognition policies.

Product and services	Nature and timing of satisfaction of performance obligations
Licence fees	The contracts require the Group to undertake maintenance and software enhancement activities throughout the licence period that significantly affects the intellectual property (IP) to which the customers have rights. The nature of the Group's performance obligation in granting a licence is regarded as a right to access the IP and thus the Group recognises licence fee revenue over time. Licence fee revenue is recognised in equal monthly instalments from the date the licence is first transferred and for the term of the contract. The licence fee is a fixed annual fee as specified in the contract. There remains $341,238 in relation to contracted licence fees for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 30 June 2020.

9. Revenue (continued)

Product and services	Nature and timing of satisfaction of performance obligations
Maintenance fees	Maintenance (software, equipment and hosted services maintenance) is to be provided to customers on an ongoing basis from the date the licence is first transferred and throughout the term of the contract. The maintenance fee is a fixed annual fee as specified in the contract. Under AASB 15, the performance obligation to provide maintenance services is first met upon transfer of the licence and is ongoing throughout the term of the contract. The total maintenance fee revenue to be billed under the contract is recognised in equal monthly instalments over time from the date the licence is first transferred. There remains $13,896 in relation to contracted maintenance fees for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 30 June 2020.
Usage fees	Usage fee revenue is determined by the number of successful transactions (as defined in the contract) and is based on information provided to the Group by the customer. Usage fees are recognised only when the later of the usage occurs and the licence fee obligation has been satisfied. Usage fees are variable fees and may be subject to an annual cap as specified in the contract. The Group recognises usage fee revenue over time based on when the usage occurs.
Professional services (including setup, training and other support costs)	Professional services include setup, training and support costs as well as individual customisation projects that are separate and distinct performance obligations. The Group recognises revenue at a point in time based on time and materials incurred in delivering the product and services to its customers as per the terms and prices specified in the contract. Invoices are generated on confirmation of product and service delivery and revenue is recognised at that point in time. There remains $408,296 in relation to contracted professional services for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 30 June 2020.

Where revenue is billed in advance, a contract liability is recognised and amortised over the period of the invoice. Where revenue is billed in arrears, a contract asset is recognised at the time of revenue recognition and transferred to trade receivables when the invoice is generated.

Warranties, returns and refunds
The warranty period will run from the licence start date and over a specified period of time. Under the warranty period the Group undertakes that the product and services supplied are of satisfactory quality and fit for purpose, free from defects in design, operate in accordance with the contract and that appropriate master copies are maintained by the Group.

9. Revenue (continued)

In the event of an unresolved third party intellectual property rights claim, customers may elect to return all deliverables under the contract and be refunded in full for all charges paid by the customer to date. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Due to the absence of any third party intellectual property rights claims during the current and prior period, no adjustment has been made to revenue recognised during the period for expected returns.

Customers may terminate or partially terminate the contract by written notice to the Group. Customers shall be entitled to a pro-rata refund of fees paid in advance of the termination date unless termination by the customer is for no reason. Due to the absence of any such written notices to the Group during the current and prior period, no adjustment has been made to revenue recognised during the period for expected refunds on termination.

ii. Disaggregation of revenue

In the following table, revenue is disaggregated by nature of product and service and is done so in conjunction with the Group's reporting segment.

For the year ended 30 June	**Enterprise Software Development and Licensing**	
	2020	**2019**
	$	**$**
Nature of product and service		
Licence and usage fees	207,553	181,675
Maintenance fees	21,069	17,845
Professional services	712,970	435,614
Revenue from contracts with customers	**941,592**	**635,134**

iii. Contract balances

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	30 June 2020	**30 June 2019**
	$	**$**
Trade receivables	43,702	218,358
Contract assets	66,500	-
Contract liabilities	(44,545)	(34,425)

Reconciliation of the written down values of contract assets and contract liabilities at the beginning and end of the current and prior financial year are set out below:

9. Revenue (continued)

Contract assets	**30 June 2020 $**	**30 June 2019 $**
Opening balance 1 July	-	-
Initial application of AASB 15	-	1,487
Additions	66,500	-
Transfer to trade receivables	-	(1,487)
Closing balance 30 June	**66,500**	**-**

Contract liabilities	**30 June 2020 $**	**30 June 2019 $**
Opening balance 1 July	34,425	-
Payments received in advance	87,941	67,996
Transfer to revenue – in opening balance	(34,425)	-
Transfer to revenue – other balances	(43,396)	(33,571)
Closing balance 30 June	**44,545**	**34,425**

No information has been provided about remaining performance obligations at 30 June 2020 that have an original expected duration of one year or less, as allowed by AASB 15.

10. Government grants

	30 June 2020 $	**30 June 2019 $**
Accelerating commercialisation grant	-	50,000
Export market development grant	150,000	124,210
COVID-19 related grants	214,539	-
	364,539	**174,210**

The Accelerating Commercialisation (AC) grant provides businesses with funding to cover eligible commercialisation costs, up to a maximum expenditure of $1 million, to assist in taking products to market. The Group recognises the AC grant in profit or loss when project milestones are achieved and the Group receives an unconditional right to the income. The final amount owing under the AC grant was received in the prior year.

The Export Market Development Grant (EMDG) scheme is a key Australian Government financial assistance program that encourages small to medium sized Australian businesses to develop export markets by granting funding to cover eligible export expenditure, up to a maximum claim of $150,000. The Group recognises the EMDG in profit or loss when the application is successful and the Group receives an unconditional right to the income.

10. Government grants (continued)

COVID-19 related grants are temporary subsidies for businesses affected by COVID-19 and consist of the JobKeeper and Cash Flow Boost payment schemes.

- Under the JobKeeper scheme, eligible employers can apply to receive $1,500 per eligible employee per fortnight. The Group recognises the JobKeeper payment in profit or loss when the related salaries have been paid to eligible employees.
- Under the Cash Flow Boost payment scheme, eligible businesses who employ staff will receive a cash flow boost in the form of a credit when lodging their activity statement. This is to cover the tax withheld from salaries paid to employees for the period covered by the activity statement. The Group recognises the Cash Flow Boost in profit or loss when the activity statement is lodged.

11. Income tax expense

i. Amounts recognised in profit or loss

	30 June 2020 $	30 June 2019 $
Current tax expense		
Current year	-	5,000
Tax expense	**-**	**5,000**

ii. Reconciliation of accounting loss to taxable loss

	30 June 2020 $	30 June 2019 $
Loss before tax	(7,074,479)	(8,158,297)
Adjustments to accounting profit		
Non-deductible expenses	2,477,939	6,000,572
Tax exempt income	(740,381)	(1,184,264)
Taxable loss	**(5,336,921)**	**(3,341,989)**
R&D recoupment of tax on gross AC grant income	-	5,000
Tax expense	**-**	**5,000**

The Group is in a net tax loss position and does not recognise a deferred tax asset. The Group claims the R&D tax incentive and therefore is required to pay tax on the gross amount of AC grant income received, taxed at a concessional rate of 10%.

iii. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

11. Income tax expense (continued)

	30 June 2020		30 June 2019	
	Gross amount	Tax effect	Gross amount	Tax effect
	$	$	$	$
Tax losses	9,370,574	2,422,019	4,033,653	1,073,338

12. Loss per share

i. Basic loss per share

The calculation of basic loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	30 June 2020	30 June 2019
	$	$
Loss for the year attributable to owners of the Group	(7,074,479)	(8,163,297)
Weighted-average number of ordinary shares		
Issued ordinary shares at 1 July	54,518,799	34,202,371
Effect of share options exercised	-	5,092,525
Effect of shares issued during the year	3,575,003	10,889,497
Weighted-average number of ordinary shares at 30 June	58,093,802	50,184,393
Basic loss per share (cents)	**(12.18)**	**(16.27)**

ii. Diluted loss per share

The calculation of diluted loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	30 June 2020	30 June 2019
	$	$
Loss for the year attributable to owners of the Group	(7,074,479)	(8,163,297)
Weighted-average number of ordinary shares		
Weighted average number of ordinary shares (basic)	58,093,802	50,184,393
Effect of share options on issue (1)	-	-
Weighted-average number of ordinary shares (diluted)	58,093,802	50,184,393
Diluted loss per share (cents)	**(12.18)**	**(16.27)**

12. Loss per share (continued)

(1) At 30 June 2020 12,302,820 share based payment options (30 June 2019: 8,558,334) and nil Series A options (30 June 2019: 4,485,918) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

13. Cash and cash equivalents

	30 June 2020	30 June 2019
	$	$
Bank balances	1,337,464	1,102,988
Term deposits	73,845	3,017,392
	1,411,309	**4,120,380**

14. Property, plant and equipment

i. Reconciliation of carrying amount

	Right-of-use asset	Office fit out	Computer equipment	Office equipment	Total
	$	$	$	$	$
Cost					
Balance at 1 July 2018	-	-	31,181	4,317	35,498
Additions	-	351,024	55,270	37,618	443,912
Disposals	-	-	(2,990)	-	(2,990)
Balance at 30 June 2019	**-**	**351,024**	**83,461**	**41,935**	**476,420**
Balance at 1 July 2019	-	351,024	83,461	41,935	476,420
Initial application of AASB 16	774,563	-	-	-	774,563
Adjusted balance at 1 July 2019	**774,563**	**351,024**	**83,461**	**41,935**	**1,250,983**
Additions	-	-	18,608	-	18,608
Disposals	-	-	(1,879)	(2,636)	(4,515)
Balance at 30 June 2020	**774,563**	**351,024**	**100,190**	**39,299**	**1,265,076**

14. Property, plant and equipment (continued)

	Right-of-use asset	Office fit out	Computer equipment	Office equipment	Total
	$	$	$	$	$
Accumulated depreciation					
Balance at 1 July 2018	-	-	2,054	808	2,862
Depreciation	-	38,765	23,662	3,958	66,385
Disposals	-	-	(663)	-	(663)
Balance at 30 June 2019	**-**	**38,765**	**25,053**	**4,766**	**68,584**
Balance at 1 July 2019	-	38,765	25,053	4,766	68,584
Initial application of AASB 16	118,336	-	-	-	118,336
Adjusted balance at 1 July 2019	**118,336**	**38,765**	**25,053**	**4,766**	**186,920**
Depreciation	129,080	58,504	31,291	8,100	226,975
Disposals	-	-	(568)	(526)	(1,094)
Balance at 30 June 2020	**247,416**	**97,269**	**55,776**	**12,340**	**412,801**
Carrying amounts					
At 1 July 2018	-	-	29,127	3,509	32,636
Balance at 30 June 2019	**-**	**312,259**	**58,408**	**37,169**	**407,836**
Balance at 30 June 2020	**527,147**	**253,755**	**44,414**	**26,959**	**852,275**

Additions to the right-of-use assets during the year were $774,563. The Group leases office space in Australia over an initial term of 3 years with an option to extend. The lease has an escalation clause to account for inflation over time and, on renewal, the terms of the lease will be renegotiated. It has been assumed that the option to extend will be exercised making the lease term 6 years for the purposes of estimating the lease in accordance with the requirements of AASB16 *Leases*.

The premises has continued to be occupied as at, and subsequent to, the financial year end. The right-of-use asset is expected to be realised through use. This is further confirmed as indicated in the assumptions that the option to extend the lease term will be exercised. The value of the right-of-use asset is further supported by the fair value of the business. Consequently, the right-of-use asset is not considered to be impaired at 30 June 2020.

The Group also leased office space in Hong Kong during the year under agreement for 6 months with an option to extend. As this lease is short-term and of low value, it has been expensed as incurred during the year and not capitalised to right-of-use assets. This lease agreement ended on 31 May 2020 and was not extended.

15. Trade and other payables

	30 June 2020 $	30 June 2019 $
Trade payables	142,519	147,389
Other payables and accruals	125,215	246,752
	267,734	**394,141**

16. Employee provisions

	30 June 2020 $	30 June 2019 $
Provision for annual leave	146,631	140,295
Superannuation payable	64,244	83,758
Employee taxes withheld	132,007	87,174
ATO debt payable	325,586	-
Mandatory provident fund contributions payable	-	10,837
	668,468	**322,064**

Amounts not expected to be settled within the next 12 months
The provision for annual leave includes all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

17. Loans and borrowings

	30 June 2020 $	30 June 2019 $
Current liabilities		
Loans and borrowings (i)	722,500	-
Lease liabilities (ii)	126,430	30,253
	848,930	**30,253**
Non-current liabilities		
Lease liabilities (ii)	474,818	-
	1,323,748	**30,253**

17. Loans and borrowings (continued)

i. Loans and borrowings

Loan and borrowings at the year ended 30 June were as follows:

	30 June 2020 $	30 June 2019 $
Director loan - John Rayment	100,000	-
R&D finance loan	622,500	-
	722,500	**-**

On 17 March 2020 the Group received a loan of $100,000 from John Rayment. This loan is for a 12 month term, is interest free and may convert to equity with shareholder approval based on a conversion price of $0.07 per share or 1,428,571 shares.

On 1 April 2020 the Group received a $600,000 loan facility with Radium Capital that is secured against the R&D tax incentive cash refund expected to be received in relation to eligible R&D expenditure incurred during the current financial year. The interest rate on the loan principal is 1.25% per month with a minimum loan term of 91 days and maturity date of 30 September 2020. This loan was settled in full after the end of the reporting period.

ii. Lease liabilities

Lease liabilities are recognised on transition to AASB 16 *Leases* (Refer to Note 5). Lease liabilities are payable as follows:

For the year ended 30 June ($)	Future minimum lease payments 2020	Interest 2020	Present value of future minimum lease payments 2020
Less than one year	156,823	30,393	126,430
Between one and five years	518,709	43,891	474,818
	675,532	**74,284**	**601,248**

iii. Terms and repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

			30 June 2020		30 June 2019	
	Nominal interest rate p.a	Year of maturity	Face value $	Carrying amount $	Face value $	Carrying amount $
Director loan - unsecured	0%	2020	100,000	100,000	-	-
R&D finance loan - secured	15%	2020	600,000	622,500	-	-
Lease liabilities	6%	2024	774,563	601,248	36,703	30,253
Total liabilities			**1,474,563**	**1,323,748**	**36,703**	**30,253**

17. Loans and borrowings (continued)

iv. Reconciliation of movements in loans and borrowings to cash flows arising from financing activities

	2020	2019
	$	$
Balance at 1 July	30,253	400,000
Initial application of AASB 16	685,426	-
Restated balance at 1 July	**715,679**	**400,000**
Changes from financing cash flows		
Proceeds from borrowings	850,000	-
Repayment of borrowings	-	(400,000)
Lease payments	(95,710)	-
Transaction costs related to borrowings and leases	(30,913)	(20,445)
Total changes from financing cash flows	**723,377**	**(420,445)**
Other changes		
New leases	-	30,253
Finance costs	22,500	20,445
Conversion of borrowings to equity	(150,000)	-
Movements in lease liability not yet paid	12,192	-
Balance at 30 June	**1,323,748**	**30,253**

18. Share capital

	Ordinary Shares			
	30 June 2020		30 June 2019	
	$	Number of shares	$	Number of shares
In issue at beginning of the year	16,261,495	54,518,799	3,939,439	34,202,371
Issued for cash, net of costs of equity raising	1,668,610	27,259,399	10,171,262	14,666,666
Exercise of share options for ordinary shares	-	-	2,150,794	5,649,762
In issue at end of the year – authorised, fully paid and no par value	**17,930,105**	**81,778,198**	**16,261,495**	**54,518,799**

All ordinary shares rank equally with regard to the Company's residual assets.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

18. Share capital (continued)

Issue of ordinary shares

On 14 May 2020, as part of the entitlement issue, the Board approved the issue of 27,259,399 ordinary shares in the Company at a price of $0.07 per share.

Nature and purpose of reserves

The share option reserve comprises the cost of the Company shares issued under the Group's share based payment plans. Refer to Note 27.

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Dividends

No dividends were declared or paid by the Company for the current or previous year.

19. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital.

The Group monitors capital using a ratio of net debt to equity. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. The Group's net debt to equity ratio at 30 June was as follows:

	30 June 2020 $	30 June 2019 $
Total liabilities	2,304,495	780,883
Less: Cash and cash equivalents	1,411,309	4,120,380
Net debt / (assets)	893,186	(3,339,497)
Equity	1,058,127	5,358,634
Net debt to equity ratio	**0.84**	**n/a**

20. Reconciliation of cash flows from operating activities

	30 June 2020	30 June 2019
	$	$
Total comprehensive loss for the year	**(7,074,479)**	**(8,163,297)**
Adjustments for:		
Equity settled share based payment transactions	1,125,708	2,728,086
Depreciation and amortisation	226,975	66,385
Gain on disposal of asset	(919)	(413)
Bank revaluation and unrealised FX gains and losses	8,128	1,305
Interest expense and other finance costs	59,589	20,445
IPO listing and entitlement issue transaction costs	236,392	426,338
Initial application of AASB 15	-	1,487
Initial application of AASB 9	-	(3,371)
Non-cash lease movements	(24,897)	30,253
Bad and doubtful debts	(2,291)	-
Related party loans written off	10,320	-
Other non-cash generating expenses	(309)	(36,871)
	(5,435,783)	(4,929,653)
Changes in:		
Trade and other receivables	149,029	(177,300)
R&D tax receivable	465,534	(322,588)
Contract assets	(66,500)	-
Trade and other payables	(126,407)	178,968
Employee provisions	346,404	119,707
Contract liabilities	10,120	34,425
Net cash from operating activities	**(4,657,603)**	**(5,096,441)**

21. Financial instruments – fair values and risk management

i. Accounting classifications and fair values

The carrying amount of the Group's financial assets and financial liabilities is a reasonable approximation of fair value due to their short term nature.

21. Financial instruments – fair values and risk management (continued)

ii. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see ii (b))
- liquidity risk (see ii (c))
- foreign currency risk (see ii (d))

a) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The carrying amount of financial assets and contract assets represents the maximum credit exposure. Impairment losses on financial assets and contract assets recognised in profit or loss are as follows:

	30 June 2020 $	30 June 2019 $
Reversal of impairment loss on trade receivables and contract assets arising from contracts with customers	(2,291)	(1,036)

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the factors that may influence the credit risk of its customer base including the default risk associated with the industry and country in which the customers operate.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 45 days for corporate customers.

Expected credit loss assessment for corporate customers

The Group uses a provision matrix to measure ECLs of trade receivables from corporate customers, which comprise of a small number of large balances.

The Group is still in its early stages of revenue generation with a small customer base and therefore doesn't have extensive historical information on which to base its loss rates. Its loss rates are management's best estimate based on industry comparatives and will be updated at every reporting period to reflect current and forecast credit conditions including other business, financial and economic factors. Loss rates are determined separately for each credit risk grade, based on external credit rating definitions from agency, Fitch. To date no customer balances have been written off or credit impaired at the reporting date.

21. Financial instruments – fair values and risk management (continued)

The following tables provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers as at 30 June 2020.

30 June 2020 ($)	**External credit rating (Fitch)**	**Weighted average loss rate**	**Credit impaired**	**Gross carrying amount**	**Impairment loss allowance**
Not past due	BBB- to AAA	0.1%	No	43,746	44
				43,476	**44**

30 June 2019 ($)	**External credit rating (Fitch)**	**Weighted average loss rate**	**Credit impaired**	**Gross carrying amount**	**Impairment loss allowance**
Not past due	BBB- to AAA	0.1%	No	199,336	199
181-360 days past due	BB- to BB+	10.0%	No	21,357	2,136
				220,693	**2,335**

Cash and cash equivalents and other receivables

The Group held cash and cash equivalents of $1,411,309 at 30 June 2020 (30 June 2019: $4,120,380). The cash and cash equivalents are held with financial institution counterparties, which are rated A- to AA, based on Fitch ratings. The Group considers its cash and cash equivalents to have low credit risk based on the external credit ratings of the counterparties.

The Group held other receivables of $186,343 at 30 June 2020 (30 June 2019: $171,036). The Group considers its other receivables to have low credit risk based on historical data available, the reputation of the counterparties and the systematic ease with which the receivables are recoverable.

The Group did not recognise an impairment allowance for cash and cash equivalents and other receivables during the current and prior year under review.

Movements in the allowance for impairment in respect of trade receivables, contract assets and other financial assets

The movement in the allowance for impairment in respect of trade receivables, contract assets and other financial assets during the year was as follows.

	2020	**2019**
	$	**$**
Balance at 1 July	2,335	3,371
Net remeasurement of loss allowance	(2,291)	(1,036)
Balance at 30 June	**44**	**2,335**

21. Financial instruments – fair values and risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate, but manageable, borrowing facilities are maintained. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross, undiscounted and include contractual interest payments where applicable.

			Contractual cash flows		
At 30 June 2020 ($)	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**12 months or more**
Loans and borrowings	1,323,748	(1,323,748)	(20,216)	(828,714)	(474,818)
Trade payables	142,519	(142,519)	(142,519)	-	-
	1,466,267	**(1,466,267)**	**(162,735)**	**(828,714)**	**(474,818)**

			Contractual cash flows		
At 30 June 2019 ($)	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**12 months or more**
Trade payables	147,389	(147,389)	(147,389)	-	-

d) Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group companies. The Group's exposure to foreign currency risk is concentrated primarily in trade receivables which are invoiced in United States Dollars (USD). As USD sales increase there will be a natural hedge in place as majority of Group expenditure is in Australian Dollars (AUD). Other foreign currency risk is not material at present.

Exposure to foreign currency risk

The following is the summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group:

	30 June 2020	**30 June 2019**
	USD	**USD**
Trade receivables	30,000	125,000
Trade payables	(30,000)	(1,875)
Net statement of financial position exposure	**-**	**123,125**

21. Financial instruments – fair values and risk management (continued)

Sensitivity analysis

If foreign exchange rates were to increase / decrease by 10 per cent from rates used to determine fair values as at the end of the reporting period, assuming all other variables that might impact fair value remain constant, then the impact on profit or loss for the year would be as follows:

	30 June 2020	30 June 2019
Impact on profit after tax	**$**	**$**
10% increase in USD/AUD exchange rate	-	17,531
10% decrease in USD/AUD exchange rate	-	(15,937)

There has been no change in assumptions or method used to determine foreign currency sensitivity from the prior year.

22. Commitments

The Group has no commitments or contingencies other than those described in Leases Note 17.

23. Auditors' remuneration

During the financial year the following fees were paid or payable for services provided by RSM (2019: KPMG), the auditor of the Company, its network firms and unrelated firms:

	30 June 2020	30 June 2019
	$	**$**
Audit and review services		
Auditors of the Group		
Audit and review of financial statements - KPMG	-	60,030
Audit and review of financial statements – RSM	44,000	-
	44,000	**60,030**
Other services		
Auditors of the Group		
Investigating accountants report for the IPO – KPMG	**-**	**79,250**

24. Related parties

A. Parent and ultimate controlling party

Identitii Limited is the parent and ultimate controlling party of the Group.

24. Related parties (continued)

B. Transactions with Key Management Personnel (KMP)

a) KMP compensation

KMP compensation comprised the following:

Compensation by category	30 June 2020 $	30 June 2019 $
Short-term employment benefits	527,296	450,286
Post-employment benefits	30,497	25,704
Other long-term employment benefits	26,156	12,308
Termination benefits	25,000	-
Share-based payments	218,029	552,709
	826,978	**1,041,007**

Compensation of the Group's KMP includes salaries, non-cash benefits and mandatory contributions to post-employment superannuation and provident funds.

Certain Directors as well as senior employees of the Group are entitled to participate in the Equity Incentive Plan.

b) KMP transactions

Directors of the Company control approximately 12% of the voting shares of the Company as at 30 June 2020.

A number of KMP, or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of that entity.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances related to KMP and entities over which they have control or significant influence were as follows:

Transactions ($)	Note	Transaction values for year ended 30 June 2020	Transaction values for year ended 30 June 2019	Balance outstanding as at 30 June 2020	Balance outstanding as at 30 June 2019
Loan to Director – Nicholas Armstrong	(i)	-	-	-	10,320
Loan from Director – John Rayment	(ii)	(100,000)	-	(100,000)	-

24. Related parties (continued)

(i) An unsecured loan with no interest and no fixed terms of repayment was advanced to Nicholas Armstrong. This loan was written off during the current financial year as part of Nicholas Armstrong's resignation as CEO. This loan was included in other receivables in the statement of financial position in the prior year.

(ii) An unsecured loan with no interest and a 12 month repayment term was advanced from John Rayment to the Company in March 2020. Refer to Note 17 for further details.

25. List of subsidiaries

The Company has one wholly owned subsidiary in Hong Kong, Identitii Hong Kong Limited, which was incorporated on 8 January 2019. The Company provided $548,600 (30 June 2019: $333,783) of financial support during the year to its subsidiary to assist with the payment of current and ongoing general operating costs mostly in relation to salaries and employee benefit expenses.

26. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2020, the parent entity of the Group was Identitii Limited.

	30 June 2020 $	30 June 2019 $
Results of parent entity		
Total comprehensive loss for the year	(7,074,479)	(8,163,297)
Financial position for the parent entity		
Current assets	2,448,235	5,715,689
Total assets	**3,362,622**	**6,139,517**
Current liabilities	1,829,677	780,883
Total liabilities	**2,304,495**	**780,883**
Total equity of the parent entity		
Share capital	17,930,105	16,261,495
Reserves	3,717,360	2,582,799
Retained losses	(20,589,338)	(13,485,660)
Total equity	**1,058,127**	**5,358,634**

26. Parent entity disclosures (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 6.

27. Share based payment arrangements

For the year ended 30 June 2020, the Group recognised a share based payment expense of $1,125,708 in the statement of profit or loss (30 June 2019: $2,728,086) under the following share based payment arrangements.

		Share options			
		30 June 2020		30 June 2019	
		$	Number of options	$	Number of options
Share option programme	*(i)*	-	-	4,996	-
Director options	*(ii)*	157,022	358,082	109,627	400,000
Canaccord options	*(iii)*	992,485	1,950,000	620,303	1,950,000
Gleneagle options	*(iii)*	165,740	5,000,000	-	-
Equity incentive plan	*(iv)*	2,394,989	4,994,738	1,849,602	6,208,334
In issue at end of year		**3,710,236**	**12,302,820**	**2,584,528**	**8,558,334**

a) Description of share based payment arrangements

(i) Share Option Programme (equity settled) – closed

In 2016 the Group established the Share Option Programme. This programme entitled key management personnel and senior employees to purchase ordinary shares in the Company. All share options awarded under the share option programme have vested and been exercised for ordinary shares in the Company and, as such, this programme is now closed. A final share based payment expense reversal of ($4,996) in relation to these options has been recognised in the statement of profit or loss for the year ended 30 June 2020.

27. Share based payment arrangements (continued)

(ii) Share options issued to Director Michael Aston (equity settled)

On 28 June 2018, Michael Aston was granted 400,000 share options at an exercise price of $0.75 per share in his capacity as Director of the Company. 25% of the options vested immediately on issue with the remaining 75% to vest in equal annual tranches over two years. On termination of his employment with the Company in March 2020, 41,918 share options were forfeited with the remaining options vesting immediately.

The fair value of share options granted to Michael Aston have been measured using the Black-Scholes model. A share based payment expense of $47,395 in relation to these options has been recognised in the statement of profit or loss for the year ended 30 June 2020.

(iii) Share options issued to supplier of services

Canaccord Genuity (Australia) Limited (equity settled)

On 17 October 2018, the Company issued 1,950,000 share options to Canaccord Genuity (Australia) Limited (Canaccord) in consideration for corporate advisory services to be provided in connection with the Group's ongoing capital markets strategy. The options vested immediately and are subject to a mandatory escrow of 24 months commencing from the date of issue. The options expire on 1 July 2021.

The fair value of share options granted have been measured using the Black-Scholes model. A share based payment expense of $372,182 in relation to these options has been recognised in the statement of profit or loss for the year ended 30 June 2020.

Gleneagle Securities (Aust) Pty Ltd (equity settled)

On 13 May 2020, the Company issued 5,000,000 share options at an exercise price of $0.10 per share to Gleneagle Securities (Aust) Pty Ltd (Gleneagle) in consideration for underwriting services provided in connection with the Group's entitlement issue. The options vested immediately and expire on 13 May 2022.

The fair value of share options granted have been measured using the Black-Scholes model. A share based payment expense of $165,740 in relation to these options has been recognised in the statement of profit or loss for the year ended 30 June 2020.

(iv) Equity Incentive Plan (equity settled)

On 10 January 2018 the Group established the Equity Incentive Plan (EIP). This is a long-term plan under which share options or performance rights to subscribe for shares may be offered to eligible employees and consultants as selected by the Directors at their discretion. Currently only share options have been awarded under the EIP.

27. Share based payment arrangements (continued)

Under the EIP, one share option entitles the holder to one share in the Company subject to vesting conditions such as the satisfaction of performance hurdles and/or continued employment. The Board have the discretion to settle share options with a cash equivalent payment. Participants in the EIP will not pay any consideration for the grant of the share option unless determined otherwise. Share options will not be listed and may not be transferred, assigned or otherwise dealt with unless approved by the Board. If the employee's employment terminates before the share options have vested, the share option will lapse, unless approved otherwise by the Board. Eligible employees holding a share option pursuant to the EIP have no rights to dividends and are not entitled to vote at shareholder meetings until that share option is vested and, where required, exercised.

The fair value of share options granted have been measured using the Black-Scholes model. A share based payment expense of $545,387 in relation to these options has been recognised in the statement of profit or loss for the year ended 30 June 2020.

The terms and conditions of share options granted under the EIP during the year ended 30 June 2020 are as follows.

Grant date	**Number of instruments**	**Vesting conditions**	**Contractual life of options**
Nicholas Armstrong *(6 July 2018)*	1,350,000	3 years (1)	10 years
Key management *(1 August 2018)*	1,250,000	10% upfront, 3 years (2)	10 years
Key management *(2 October 2018 – 31 December 2019)*	3,250,000	3 years (1)	4 years
Consultant *(1 January 2019)*	200,000	2 years (3)	4 years
Key management *(18 March 2019)*	200,000	4 years (4)	5 years
Share options issued	**6,250,000**		
Forfeited	(1,255,262)		
Share options on issue as at 30 June 2020	**4,994,738**		

(1) **3 year equity incentive plan** – share options vest in equal annual instalments over 3 years from grant date

(2) **3 year equity incentive plan** – 10% of share options vest immediately on grant date with the remaining 90% of share options held vesting in equal annual instalments over 3 years from grant date

(3) **2 year equity incentive plan** – share options vest in equal annual instalments over 2 years from grant date

(4) **4 year equity incentive plan** – share options vest in three equal instalments from grant date pending three specific performance hurdles being met relating to product proof of value, commercialisation and go-live. Share option vesting has been estimated at 4 years.

27. Share based payment arrangements (continued)

b) Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share based payment awards granted during the year:

	Gleneagle
Fair value at grant date	$0.03
Share price at grant date	$0.07
Exercise price	$0.10
Expected volatility [1]	108%
Expected option life *(years)*	2
Expected dividends	Nil
Risk free rate [2]	0.25%

[1] **Expected volatility** is based on a review of comparator companies as a proxy to examine fluctuations in share prices with the length of the estimation period commensurate with the life of each share based payment.

[2] **Risk free rate** is based on Australia's 3-year bond yield.

c) Reconciliation of outstanding share options

The number and weighted-average exercise price of share options under the share based payment arrangements noted above were as follows:

	Number of options 2020	Weighted-average exercise price 2020	Number of options 2019	Weighted-average exercise price 2019
Outstanding at 1 July	8,558,334	$0.78	6,486,711	$0.11
Forfeited during the year	(1,255,514)	$0.75	(848,615)	$0.20
Exercised during the year	-	-	(5,649,762)	$0.06
Granted during the year	5,000,000	$0.10	8,570,000	$0.79
Outstanding at 30 June	**12,302,820**	**$0.53**	**8,558,334**	**$0.81**
Exercisable at 30 June	**8,728,071**	**$0.44**	**2,083,334**	**$1.01**

28. Fair value measurements

The carrying amount of the Group's financial assets and financial liabilities is a reasonable approximation of fair value.

29. Subsequent events

On 10 July 2020, the Group announced the release of a new FX solution, deployed on the existing Overlay+ core platform, allowing the Company to solve more problems for existing customers and prospects and further expanding its global market opportunities.

On 24 July 2020, the Group confirmed it had successfully raised an additional $1.9 million by placing 27.3 million Residual Shortfall Shares reserved per the Company's Entitlement Offer prospectus.

On 29 July 2020, the Group settled its R&D finance loan with Radium Capital in full.

On 24 August 2020, the Group announced it had signed a five year Master Services Agreement (MSA) with Mastercard International Incorporated (Mastercard). The MSA allows the Company to sell to and work with any Mastercard business globally and is the first step in agreeing specific projects that will see Identitii's Overlay+ platform implemented with Mastercard. At the date of this report, the Company is not able to determine the economic materiality of the agreement, as activity and revenue will be laid out in subsequent Statements of Work.

The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Directors' Declaration

1. In the opinion of the Directors of Identitii Limited ('the Company'):
    a. the consolidated financial statements and notes that are set out on pages 25 to 69 are in accordance with the *Corporations Act 2001*, including:
        i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
        ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
    b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors draw attention to Note 2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Board of Directors:

Steven James
Chairman

Sydney
27 August 2020

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INDEPENDENT AUDITOR'S REPORT
To the Members of Identitii Limited

Opinion

We have audited the financial report of Identitii Limited (the Company) and its controlled entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $7,074,479 and had net operating cashflow of $4,657,603 for the year ended 30 June 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern. Our opinion is not modified in respect of this matter.

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Share-based payments Refer to Note 27 in the financial statements	
Accounting for share-based payments and share option reserve are considered as key audit matters due to the following: • The complexity of accounting for the performance-based share option plan, which increases the risk of interpretational differences against principles-based criteria contained in accounting standards. • Significant judgement is involved in terms of the volatility and risk-free rate inputs used by the Group under the Black-Scholes valuation model. • Manual share-based payment expense calculation included various inputs, such as share options granted, vested, exercised and forfeited across different share-based compensation plans.	Our audit procedures in relation to the share-based payments included: • Assessment of the terms of the share option plan and evaluating the appropriateness of the accounting treatment under criteria contained in accounting standard AASB 2 Share-based payments with focus on the Group's interpretation of grant date, performance start date, vesting dates and vesting conditions. • Review share options granted in FY20 to underlying documentation including employee option certificates and General Meeting minutes. • Perform recalculation of current year share-based compensation expense for a sample of employees using underlying offer letters, including relevant terms and conditions. • Ensure sufficient and appropriate disclosures as required by AASB 2 for share-based payments, reflect underlying agreements in place.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 23 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Identitii Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

RSM

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 27 August 2020

Additional ASX Information

In accordance with corporate governance statement ASX 4.10.3, the Directors provide the following information as at 13 August 2020.

a) *Distribution of shareholders and options holders*

Fully paid ordinary shares holding ranges	Holders	Number of shares	% of issued capital
1-1,000	31	16,350	0.010
1,001-5,000	192	593,003	0.540
5,001-10,000	194	1,448,613	1.330
10,001-100,000	342	11,647,993	10.680
100,001-9,999,999,999	130	95,331,639	87.430
Totals	**889**	**109,037,598**	**100.000**

There are 166 shareholders holding less than a marketable parcel of 3,571 shares each (i.e. less than $500 per parcel of shares) based on the closing price of AUD 0.14 on 13 August 2020 representing a total of 348,651 shares.

b) *Twenty largest shareholders*

	Shareholder	Number of shares held	% of issued capital
1	275 Invest 2 Pty Ltd	9,398,340	8.619%
2	KTM Ventures Innovation Fund LP	7,388,134	6.776%
3	Citicorp Nominees Pty Limited	5,884,650	5.397%
4	Holywell Ford Pty Limited	4,633,953	4.250%
5	HSBC Custody Nominees (Australia) Limited	3,860,115	3.540%
6	Gleneagle Securities Nominees	3,792,667	3.478%
7	Bannaby Investments Pty Limited <Bannaby Super Fund A/C>	3,356,630	3.078%
8	Jamber Investments Pty Ltd <The Amber Schwarz Fam A/C>	3,000,000	2.751%
9	Link Traders (Aust) Pty Ltd	3,000,000	2.751%
10	Wodi Wodi Pty Limited <The Wodi Wodi A/C>	2,856,755	2.620%
11	KTM Ventures Co-Investment Services Pty Ltd<KTM Co-Investment No 1 A/C>	2,356,872	2.162%
12	Structure Investments Pty Limited<Rogers Family A/C>	2,126,670	1.950%
13	Structure Investments Pty Ltd<Rogers Family A/C>	2,121,129	1.945%
14	Oxleigh Pty Ltd	1,731,562	1.588%
15	J P Morgan Nominees Australia Pty Limited	1,680,829	1.542%
16	ComSec Nominees Pty Limited	1,560,029	1.431%
17	Pat Property Pty Ltd<Pat A/C>	1,428,571	1.310%
18	Creighton & Co Investments Pty Ltd	1,428,571	1.310%
19	Mr Elliot Shepherd	1,326,538	1.217%
20	Mr Benjamin Buckingham	1,245,499	1.142%
Total Securities of Top 20 Holdings		64,177,514	58.858%
Total Securities		**109,037,598**	

c) *Substantial shareholders*

A substantial shareholder is one who has a relevant interest in 5 per cent or more of the total issued shares in the Company. Following are the substantial shareholders in the Company based on notifications provided to the Company under the *Corporations Act 2011*:

Shareholder	Number of shares	% of issued capital
275 Invest 2 Pty Ltd	9,398,340	8.619%
KTM Ventures Innovation Fund LP	7,388,134	6.776%
Citicorp Nominees Pty Limited	5,884,650	5.397%

d) *Voting rights*

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. There are no other classes of equity securities.

e) *Restricted securities*

The Company has the following fully paid ordinary restricted securities:

	Number of shares	Holders
Shares ASX Escrowed for 24 Months to 17 October 2020	22,679,774	19
Shares Voluntary Escrowed for 24 months to 17 October 2020	5,313,621	15
Total restricted securities	27,993,395	34
Free float	81,044,203	855
Total shares	**109,037,598**	**889**

Corporate Directory

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John Rayment
Nicholas Armstrong

Company Secretary
Elissa Hansen

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Securities Exchange Listing
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ASX Code: ID8

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